



# HOUSE BUDGET COMMITTEE

## Democratic Caucus

The Honorable John M. Spratt Jr. ■ Ranking Democratic Member

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Dear Democratic Colleague:

The Administration and Congressional Republicans have embarked on a dangerous policy of a grossly expanded national debt. Just two years ago, Republicans proudly claimed that they would pay off the entire public debt, and even expressed concern that they might pay down the debt too quickly. Now, after the Treasury pleaded repeatedly for an emergency increase in the debt limit last year, the Administration tells us that it must have another immediate increase to “preserve the confidence in the US Government.” The requested increase is \$984 billion dollars — which would be the largest debt increase in history, and would by itself exceed the entire debt at the end of fiscal year 1980, just before the huge debt buildup in the Reagan Administration.

Republicans have tried to divert attention from their fiscal mismanagement by arguing that the debt subject to limit has surged because the balances in the federal government’s internal trust funds (which are invested in Treasury special securities) have increased. Don’t be fooled. This is by no means what has happened under this Administration.

The attached chart shows that what has changed under Republican rule is not the balances in the trust funds, but rather the re-emergence of large budget deficits — which has forced a sharp increase in the federal government’s borrowing from the public. Since the Administration issued its projection of the debt in its initial budget in April of 2001, the balances in the trust funds (primarily the Social Security and Medicare Trust Funds) have fallen below that forecast. In other words, changes in the trust fund balances have actually reduced the projected debt subject to limit. However, borrowing from the public has run substantially above the Administration’s projections, which has increased the projected debt subject to limit. And it goes without saying that the prospect of paying off the public debt before the retirement of the baby-boom generation has totally vanished.

The Administration has been quick to justify its proposed irresponsible tax cuts by saying to the public, “It’s your money.” The colossal increase in the debt makes it clear that it is actually their children’s and their grandchildren’s money, which Republicans have borrowed, and for which they have sent the bill to future generations of Americans.

Sincerely,

/s/

John M. Spratt, Jr.

Ranking Democratic Member

# Republican Debt Has Increased Because of Budget Deficits

